U 3120-1

1980: HARD LANDING FOR MICHIGAN

by DAVID I. VERWAY, *Research Professor, Division of Research, Graduate School of Business Administration, Michigan State University.*

Michigan alone experienced a decline in total personal income between the first and second quarters of 1979, according to the latest tabulations by the Bureau of Economic Analysis. This followed a first quarter tie among Michigan and six other states for thirteenth place in percentage *gain*. The turnabout here was centered in durable goods manufacturing. Service sectors as a group also experienced some deceleration, as did nondurable goods manufacturing. Growth in the Wolverine State's construction sector accelerated during the second quarter at a rate well above the national average, and in mining the state held its own.

The Bureau of Economic Analysis is an agency within the U. S. Department of Commerce in Washington, D.C. Its major activity is the compilation of statistics on the nation's economy. Personal income, the broadest measure of economic activity for states, consists of wages, salaries, other labor income; interest and dividends received by individuals; and transfer payments. Transfer payments include Social Security benefits, private pension benefits, unemployment compensation, welfare payments, and other amounts received by households which entail no current effort.

A more timely but less definitive comparison of economic performance can be developed from monthly job data. These are prepared by state employment agencies in cooperation with the Bureau of Labor Statistics, a component of the U. S. Department of Labor. Between October 1978 and October 1979 these data reveal that, with its 2 percent decline, Michigan ranked last in job growth in the nonfarm sector of the private economy.

By a variety of yardsticks, Michigan is in a slump. The nation was not as 1979 reached its end. The figures in Table 1 have been assembled to emphasize the point and to illustrate the doggedness of the erosion that began here in April.

AROUND THE STATE

Encouraged by the demand for large cars, General Motors and Ford added more than 35,000 jobs in this state between the first quarter of 1978 and the first quarter of 1979. Chrysler, on the other hand, was in trouble even before lines formed at gasoline stations in California last spring. Production problems bedeviled the company; then the new large cars were poorly received when they did become available. During the first quarter of 1979, Chrysler employment in this state was approximately 3,500 below that of the same period a year earlier.

The city of Detroit has several Chrysler plants; consequently, its economy started to sag early. Detroit suburbs weathered the state's general malaise until midsummer. Outstate, Michigan retailers were affected by reduced travel brought on, in part, by uncertainty among Detroit area workers. They are the largest component of this state's northern tourism market. In addition, nearby Indiana, Illinois, and Ohio, home of another large component of visitors to northern Michigan, also were affected by the automotive slump, although not to the same degree as was Michigan.

Alone in the Midwest, Wisconsin enjoys a stable growth trajectory; however, it has its own northern vacationland and is not a big factor in Michigan's travel market.

In the Upper Peninsula, Chippewa County still is reeling from the closing of Kincheloe Air Force Base. A poor summer tourist season is reflected in the employment data for several Upper Peninsula counties, particularly Mackinac. In Marquette County, construction employment plummeted after completion of projects at Cleveland Cliffs, an iron ore mining company.

The poor tourist season had its greatest impact in Roscommon County, located near the center of the northern lower peninsula. In nearby Grayling, the loss of Bear Archery, its largest employer, gave Crawford County the

TABLE 1
Year-to-Year Change in Selected Economic Indicators of Economic Activity

Indicator	Percentage change from previous year										
	Last quarter 1978	First quarter 1979	April	May	June	July	1979 August	September	October	November	December
Civilian employment											
United States	3.9	3.8	2.7	2.5	2.2	2.8	2.2	2.7	2.1	2.0	2.2
Michigan	2.6	2.2	− .1	3.2	2.9	3.5	3.1	1.6	1.6	1.6	− .7
Detroit area[a]	2.1	1.3	− .9	3.1	2.7	3.0	2.3	1.1	.8	.7	
Outstate[b]	2.8	3.0	.6	3.2	3.0	3.9	3.9	2.1	2.4	2.5	
Wage and salary jobs[c]											
United States	4.7	4.6	3.6	3.7	3.5	3.5	3.2	3.1	2.9	2.7	
Michigan	3.1	3.3	1.1	1.6	1.4	.9	− .3	− 1.0	− 1.1	− 1.7	
Detroit area[a]	2.5	2.4	− .2	.9	.5	−−	− 1.8	− 2.3	− 2.5	− 3.2	
Outstate[b]	3.7	4.1	2.5	2.4	2.3	1.9	1.3	.4	.2	− .2	
Average workweek[d]											
United States	.4	1.4	− 3.7	− .7	− .7	− .7	− 1.0	− 1.2	− 1.0	− 1.7	
Michigan	1.6	2.1	−12.9	− .9	− 2.6	− 4.2	− 4.7	− 6.5	− 8.1		
Average weekly earnings[e]											
United States	9.5	10.5	4.3	8.4	8.2	7.8	7.2	6.8	6.8	5.5	
Michigan	10.2	12.4	− 6.0	8.8	5.7	4.4	2.5	− 3.9	− 1.9		
Motor vehicle assembly											
United States	7.1	9.7	−16.8	1.9	− 7.6	− 6.2	−28.8	−22.4	−20.1	−31.8	−33.5
Michigan	11.0	14.5	−17.9	− 1.3	− 5.1	−13.3	−30.6	−27.8	−46.8	−29.8	−41.1
General Motors	10.0	20.4	− 5.2	10.5	− .4	−14.2	−14.9	−24.2	−52.4	−17.8	−27.6
Ford	19.3	19.4	− 7.5	− 8.0	−12.0	18.2	−28.9	−17.8	−18.2	−28.3	−51.4
Chrysler	5.2	− 8.0	−61.1	−24.2	−12.9	−41.6	−76.2	−53.6	−62.4	−64.8	−69.1
Steel tonnage poured											
United States	17.7	10.4	5.8	3.8	3.1	3.8	− 2.1	− 8.1	−10.7	−14.2	
Michigan	23.1	20.6	22.4	13.7	7.8	− 1.0	.2	−13.8	−20.5	−18.2	
Commercial electricity consumption											
United States	4.0	5.3	6.7	6.7	1.0	− .2	.5	− .6	2.1		
Michigan	4.2	6.1	6.1	8.7	3.0	3.5	1.0	− 5.2	1.0		
Industrial electricity consumption											
United States	6.0	8.8	8.9	5.7	3.5	3.8	2.4	− .1	1.5		
Michigan	5.8	10.9	− 2.1	3.5	1.7	.5	− 6.3	− 7.6	−10.1		
Nonresidential construction contracts											
United States	15	28	23	1	22	1	10	− 6	14	− 6	
Michigan	− 7	62	30	35	162	−17	2	−−	− 5	28	
Residential construction contracts											
United States	18	13	−13	4	− 8	3	− 2	4	− 3	−21	
Michigan	17	8	− 3	15	7	−10	24	− 6	−25	−24	
Nonbuilding construction contracts											
United States	26	24	81	−32	19	− 9	−40	−11	−41	7	
Michigan	46	−50	55	− 3	−17	−67	−79	−82	28	−70	
Retail Sales											
United States	11.5	13.5	10.3	9.1	7.3	8.1	12.3	9.4	11.3	11.3	
Michigan		17.0	11.2	9.5	7.2	7.8	6.4	3.0	5.4		
Detroit area[a]		18.7	14.0	9.5	9.2	11.1	5.6	1.7	1.6		
Detroit city		8.6	4.2	4.2	1.3	6.1	1.0	− 3.6	− 5.8		
Suburbs		21.0	16.2	10.8	10.9	12.2	6.6	2.8	3.1		
Outstate[b]		15.1	7.8	9.3	4.8	4.2	7.3	4.5	10.1		

SOURCE: Michigan Employment Security Commission, special release, Bureau of Labor Statistics, *The Employment Situation* (monthly); Motor Vehicle Manufacturers Association, special release; American Iron and Steel Institute, special release; Energy Information Administration, special release; F. W. Dodge Division of McGraw-Hill Information Systems Company, news releases (monthly); and Bureau of the Census, *Monthly Retail Trade*.

a. Wayne, Oakland, Macomb, Livingston, Lapeer, and St. Clair counties.
b. Michigan minus Detroit area.
c. The number of wage and salary jobs, except agricultural, reported by employers.
d. Average hours worked by manufacturing production workers.
e. Average earnings among manufacturing production workers.

distinction of being the biggest job loser in the state, in percentage terms. At the other extreme, Cheboygan County had the state's most robust economy due to an increase in its trade and service base. Otsego County, second most expansive, also hosts several new stores and an active industrial park.

Among the major labor markets, the Ann Arbor-Ypsilanti area experienced the highest relative employment gain (Table 2), aided by the success of GM's new front-wheel-drive compact car. Ypsilanti is an assembly point for that car as well as headquarters of the Hydra-Matic Division. Retailing, services, transportation, wholesale trade, finance, state government, and federal employment also were expansive, so Ann Arbor's growth is broadly based and not owing to the fortunes of a single vehicle. Ford and Chrysler also have sizable manufacturing facilities in Washtenaw County.

The Lansing-East Lansing area posted employment gains on a wide front, enabling it to grow despite sluggishness in its automotive sector. The same can be said for the Muskegon area, Kalamazoo, Grand Rapids, Bay City, Saginaw, and Flint. The Jackson economy was bolstered by activity in machinery manufacturing, construction, public utilities, services, and government. Here, too, vehicle suppliers were laying off workers. Wholesale and retail trade also contracted during the year. The Benton Harbor area has a sagging manufacturing base; overall its employment level slipped between 1978 and 1979.

The six-county Detroit area is the other of this state's major labor markets that suffered declining wage and salary employment. The Chrysler problem alone cost the area approximately 15,000 jobs in local assembly and parts plants. This estimate is based on the difference between Chrysler's average employment during 1978 and 1979, and the author's judgment that every job at this corporation entails a job at an independent supplier. (More so than either GM or Ford, Chrysler depends on outsiders for automotive components.) It is also assumed that one-third of the employment associated with supplying Chrysler's Detroit operations is in the Detroit area.

TABLE 2
Michigan Labor Markets Listed According to Ranking in Percentage Change in Nonfarm Jobs, Annual Average: 1978–1979

County or counties	*Percentage change*	*County or counties*	*Percentage change*
Cheboygan	+18.8	Iron	+ .8
Otsego	+ 6.7	Presque Isle	+ .8
Alger	+ 6.4	Delta	+ .7
Benzie	+ 5.5	Mason	+ .6
Gogebic	+ 4.3	Clare	+ .5
Antrim	+ 4.1	Ontonagon	0
Isabella	+ 3.9	Tuscola	0
Washtenaw	+ 3.9	Berrien	− .3
Allegan	+ 3.2	Lenawee	− .3
Grand Traverse, Kalkaska, Leelanau	+ 3.0	Lapeer, Livingston, Macomb, Oakland, St. Clair, Wayne	− .6
Missaukee, Wexford	+ 2.9	Dickinson	− 1.3
Montcalm	+ 2.9	Huron	− 1.4
Clinton, Eaton Ingham, Ionia	+ 2.8	Montmorency	− 1.4
Muskegon, Oceana	+ 2.8	Branch	− 1.7
Luce	+ 2.5	Menominee	− 1.7
Kalamazoo, Van Buren	+ 2.5	Alpena	− 1.8
Jackson	+ 2.4	Manistee	− 1.8
Midland, Gladwin	+ 2.4	Marquette	− 2.0
Kent, Ottawa	+ 2.2	Cass	− 2.1
Ogemaw	+ 2.1	Oscoda	− 2.2
Bay	+ 2.0	Mecosta	− 2.2
Newaygo	+ 2.0	Gratiot	− 2.7
Osceola	+ 1.8	Alcona, Iosco	− 3.1
Saginaw	+ 1.8	Schoolcraft	− 3.2
Charlevoix	+ 1.6	Sanilac	− 4.0
St. Joseph	+ 1.6	Mackinac	− 4.4
Genesee, Shiawassee	+ 1.3	Lake	− 5.1
Baraga	+ 1.1	Arenac	− 6.6
Emmet	+ 1.1	Roscommon	− 7.2
Houghton, Keweenaw	+ 1.0	Chippewa	− 8.9
Barry, Calhoun	+ 1.0	Crawford	−11.8
Hillsdale	+ .9	Michigan	+ .6

SOURCE: Developed from Michigan Employment Security Commission, special release.

THE OUTLOOK

Due largely to the depressed market for large cars, 1980 wage and salary employment in every one of Michigan's metropolitan areas is expected to be less than the 1979 average. The six-county Detroit job total will shrink by 65,000, on average—a decline of 3.6 percent.

Least affected among the metropolitan regions will be the four-county Lansing area. Besides the home plant of Oldsmobile, one of the automakers least affected in the current slump, this area includes Michigan State University and the bulk of state government in its economic base. Moreover, it enjoys a residential-industrial-building boom soon to include a GM diesel engine plant.

The job level in the Grand Rapids area (Kent and Ottawa counties) is expected to slip because of the area's ties with Detroit. The same is true for Kalamazoo and Battle Creek. Normally, these three areas would gain 2 to 3 percent due to new investment in factories, stores, and other enterprises in the private sector.

Ann Arbor, Bay City, Jackson, Benton Harbor, and Muskegon are expected to experience job declines of 1 to 2 percent, Flint and Saginaw of 2 to 2.5 percent, all as a result of their automotive connections.

Major developments in the Upper Peninsula include the planned expansion of the Mead Paper factory in Escanaba, which should eventually add 100 jobs in the mill, the announcement by Champion of a new sawmill in Quinnesec, and the realignment of operations at Cleveland Cliffs. Other news affecting the Upper Peninsula is the embargo on exports to Iran (Harnischfeger, a heavy equipment manufacturer in Escanaba, counted Iran among its markets), and the revival of the copper market (the White Pine Mine in Ontonagon County is a major producer).

Everything considered, Upper Peninsula employment should gain modestly during 1980. Ontonagon County is expected to be the growth leader, with Iron County second. American Motors Corporation has a wire harness plant there. Marquette also should resume its growth, principally in retailing and services. Nine of the Upper Penin-

(Continued on page 6)

The MICHIGAN STATE ECONOMIC RECORD

Division of Research

Graduate School of Business Administration

Michigan State University

Richard J. Lewis
Dean
Graduate School of Business Administration

Dole A. Anderson
Director
Division of Research

David I. Verway
Executive Editor

Elizabeth Johnston
Christine O'Connor
Editors

Maria C. Benson
Ali Hajimohamadzadeh
Robert Thurman
Research Assistants

Michigan Economic Indicators

Item	Year previous of latest month	Previous month	Latest month
Manufacturing workers:			
Average weekly hours, Michigan	43.6	40.6	40.8 (Oct.)
Average weekly hours, U.S.	40.6	40.3	40.3 (Oct.)
Average hourly earnings, Michigan ($)	8.47	8.74	8.92 (Oct.)
Average hourly earnings, U.S. ($)	6.33	6.80	6.82 (Oct.)
U.S. motor vehicle production (units)	913,583	819,068	607,205 (Dec.)
Michigan electricity usage (mil. kwh.)	6,080	5,823	5,701 (Oct.)
Industrial (mil. kwh.)	2,963	2,695	2,679 (Oct.)
Residential (mil. kwh.)	1,772	1,759	1,652 (Oct.)
Raw steel production:			
Michigan (000 net tons)	920	823	753 (Nov.)
United States (000 net tons)	11,654	10,810	9,997 (Nov.)
Consumer price index (1967 = 100)			
Detroit area	202.7	227.2	231.3 (Nov.)
United States	202.0	225.4	227.5 (Nov.)
U.S. wholesale price index (1967 = 100)	217.5	246.9	249.4 (Dec.)
Michigan farm prices received index (1967 = 100)	211	228	231 (Nov.)

SOURCES: U.S. Bureau of the Census; U.S. Bureau of Labor Statistics; Michigan Crop Reporting Service; Motor Vehicle Manufacturers Association, Inc.; American Iron and Steel Institute; and Edison Electric Institute.

Contracts for Future Building, First 11 Months: 1978 and 1979

(Thousands of dollars)

Area	Nonresidential			Residential			Total[a]		
	1978	1979	Percentage change	1978	1979	Percentage change	1978	1979	Percentage change
Ann Arbor	58,086	70,608	+22	85,881	71,118	−17	143,967	141,726	− 2
Battle Creek	40,333	21,325	−47	29,361	35,648	+21	69,694	56,973	−18
Bay City	11,591	10,195	−12	17,490	13,565	−22	29,081	23,760	−18
Detroit	831,548	956,703	+15	1,038,820	1,054,201	+ 1	1,870,368	2,010,904	+ 8
Flint	70,131	80,347	+15	95,672	95,215	—	165,803	175,562	+ 6
Grand Rapids	166,069	256,370	+54	186,812	157,204	−16	352,881	413,574	+17
Jackson	13,968	19,073	+37	23,392	26,588	+14	37,360	45,661	+22
Kalamazoo-Portage	25,721	43,057	+67	77,827	68,942	−11	103,548	111,999	+ 8
Lansing–East Lansing	87,703	94,066	+ 7	112,538	147,660	+31	200,241	241,726	+21
Muskegon–Norton Shores–Muskegon Heights	23,686	20,858	−12	34,748	25,500	−27	58,434	46,358	−21
Saginaw	66,642	35,358	−47	48,114	51,089	+ 6	114,756	86,447	−25
Michigan	1,624,214	1,838,320	+13	2,306,633	2,290,373	—	3,930,847	4,128,693	+ 5
United States	42,033,961	46,961,916	+12	70,231,183	70,451,814	—	112,265,144	117,413,730	+ 5

SOURCE: F. W. Dodge Division of McGraw-Hill Information Systems Company, news releases.

NOTE: Battle Creek includes Barry and Calhoun counties; Detroit includes Lapeer, Livingston, Macomb, Oakland, St. Clair, and Wayne counties; Flint includes Genesee and Shiawassee counties; Grand Rapids includes Kent and Ottawa counties; Kalamazoo-Portage includes Kalamazoo and Van Buren counties; Lansing–East Lansing includes Clinton, Eaton, Ingham, and Ionia counties; and Muskegon–Norton Shores–Muskegon Heights includes Muskegon and Oceana counties.

a. Excludes nonbuilding construction contracts. This category comprises streets and highways, bridges, dams, reservoirs, river and harbor developments, sewerage and water supply systems, missile and space flight facilities, airports, utilities, and communication systems. For Michigan the 1978 and 1979 figures for nonbuilding construction contracts were $1,743,112,000 and $869,943,000 respectively, or a decrease of 50 percent. U. S. figures for nonbuilding construction contracts were $37,719,739,000 and $36,536,631,000 or a decrease of 3 percent.

Quarterly Motor Vehicle Employment and Assembly

Item	1977				1978				1979		
	1	2	3	4	1	2	3	4	1	2	3
EMPLOYMENT[a]											
Checker											
Michigan	937	1,024	1,102	1,166	1,117	1,118	1,084	1,140	1,207	1,194	1,182
Chrysler											
Michigan	78,225	83,490	82,701	84,047	78,744	82,799	75,187	81,664	75,316	70,238	58,182
United States	127,420	135,089	135,039	137,286	131,066	136,158	125,989	135,997	125,899	118,532	99,754
Ford[b]											
Michigan	116,901	117,858	118,775	124,098	124,187	127,148	126,300	135,377	132,298	129,526	117,630
United States	216,631	223,031	222,119	233,911	234,635	239,517	233,314	253,536	245,253	240,054	211,763
General Motors											
Michigan	245,000	265,000	252,000	280,000	264,000	278,000	267,000	289,000	295,000	296,000	291,000
United States	545,000	586,000	564,000	624,000	588,000	619,000	594,000	643,000	644,000	650,000	582,000
ASSEMBLY											
Dearborn	36,138	28,695	39,828	37,107	40,230	70,007	39,072	83,017	96,572	92,774	85,970
Detroit	158,881	131,092	126,505	126,739	130,969	140,723	54,857[c]	89,563[c]	130,475[c]	113,866[c]	56,399[c]
Detroit (truck)	6,935	8,368	8,667	7,577	7,587	11,443	11,142	30,753[c]	33,693[c]	28,503[c]	12,861[c]
Flint	113,976	124,983	53,905	100,181	93,380	104,042	76,157	109,192	115,405	110,135	56,914
Flint (truck)	90,967	90,812	109,197	103,976	107,414	116,436	103,549	104,839	114,846	95,075	60,985
Hamtramck	71,130	100,421	94,246	72,429	56,098	86,545	56,808	54,230	44,901	62,806	15,345
Kalamazoo	1,416	952	1,314	1,095	1,361	1,036	809	1,019	1,134	1,268	1,203
Lansing	116,694	119,021	45,921	99,322	93,080	110,381	62,327	116,726	130,644	130,363	72,684
Pontiac	93,687	102,368	29,710	83,219	75,104	87,334	61,666	82,652	91,712	85,977	46,578
Pontiac (bus & truck)	24,832	31,661	38,253	40,474	55,041	67,569	61,741	72,398	77,144	73,922	51,628
Warren (bus & truck)	89,437	90,185	78,855	70,738	76,322	94,415	72,181	84,504	76,365	48,873	5,027
Wayne	73,887	76,680	59,823	67,939	76,242	76,599	63,214	55,607	50,477	46,765	34,081
Wayne (truck)	50,623	51,778	32,905	50,706	53,462	56,436	48,390	52,388	56,052	51,994	21,305
Wixom	50,537	52,483	43,875	43,677	42,915	47,639	36,508	46,902	51,132	36,527	20,013
Ypsilanti	55,583	70,270	69,327	62,270	60,220	73,733	57,178	38,891	38,797	75,420	73,508
Total Michigan											
Passenger car	771,929	606,795	564,544	693,978	669,599	798,039	508,596	654,346	751,250	755,901	462,695
Bus and truck	262,794	272,804	266,877	273,471	299,826	341,141	297,003	368,325	358,100	298,367	151,806
Total United States											
Passenger car	2,338,735	2,639,036	1,931,390	2,306,400	2,267,474	2,656,507	1,850,701	2,398,411	2,411,307	2,482,907	1,655,546
Bus and truck	857,446	910,930	849,649	850,989	865,427	1,019,266	851,996	982,232	1,024,655	916,996	529,092
Total Canada											
Passenger car	325,841	362,147	196,129	282,256	289,695	345,842	229,593	297,157	307,823	281,806	171,427
Bus and truck	152,857	162,803	113,923	171,998	171,127	185,031	120,199	180,355	200,162	190,698	107,988

SOURCE: Ward's *Automotive Reports*; Motor Vehicle Manufacturers Association of the United States, Inc., P-I report; and companies.

a. Average monthly wage and salary employment of companies with assembly plants in Michigan; includes nonautomotive.

b. Excludes Ford Aerospace and Communications Corporation and finance and insurance subsidiaries.

c. Chrysler's Jefferson Avenue plant has been converted to truck production. The plant had no production during July and August and began assembling trucks during the latter part of September.

1980: Hard Landing for Michigan

(Continued from page 3)

sula's fourteen labor markets are expected to post job gains during 1980.

In the northern lower peninsula, Cheboygan should continue to grow, although at a slower rate than in 1979. Arenac and Otsego counties and the three-county Traverse City region also will make solid gains. Several counties are linked to Detroit as automotive suppliers and will be affected accordingly. This is particularly true of Antrim, Clare, Montcalm, Manistee, Mason, Charlevoix, and Emmet counties and the Cadillac area (Missaukee and Wexford counties). These and several other northern Michigan counties can anticipate another slump induced, languid summer tourist season following this winter's hiatus caused by lack of snow.

Along Michigan's southern border, Lenawee, Hillsdale, and St. Joseph counties will feel the effects of the automotive slump. The same is true of the Thumb area.

The month-by-month job scenario for the state as a whole shapes up as shown in Table 3. The depressed first quarter indicated in Table 3 is virtually guaranteed by vehicle assembly schedules already announced and by the paucity of snow at ski resorts. The employment forecast is based, in part, on a projection of 9 percent fewer vehicle assemblies in this state. Michigan's unemployment rate will approach 15 percent by April and average better than 10 percent for the year as a whole. During December it will stand at approximately 7 percent compared with 8.5 percent during December 1979.

The above analysis is based on responses to a survey of regional economists, chambers of commerce, Michigan Employment Security Commission analysts, and employers, along with the author's hunches, insights, and intuition. The results are summarized in Table 4.

A survey of the state's commercial banks and savings and loan associations produced results that are summarized in Tables 5, 6, 7, and 8. These data reinforce the conclusion that southern Michigan will experience a slowdown during 1980. However, bankers in the southeast portion of the region seem to be slightly less pessimistic than bankers in the other metropolitan centers. This could be

TABLE 3
Michigan Job-Total Changes in 1979–1980

	1979	*1980*	*Percentage change*
January	3,589,400	3,463,000	− 3.5
February	3,588,200	3,410,000	− 5.0
March	3,599,900	3,423,000	− 4.9
April	3,580,700	3,438,000	− 4.0
May	3,644,000	3,467,000	− 4.9
June	3,645,000	3,488,000	− 4.3
July	3,577,600	3,473,000	− 2.9
August	3,512,300	3,504,000	− .2
September	3,579,900	3,554,000	− .7
October	3,608,100	3,583,000	− .7
November	3,597,300	3,591,000	− .2
December	3,558,100	3,600,000	+ .3
Average	3,590,000	3,500,000	− 2.5

TABLE 4
Michigan Labor Markets Listed According to Ranking in Forecast of Job Change: 1979–1980

Name of area	*Counties included*
5 percent or more growth	
Cheboygan	Cheboygan
Ontonagon	Ontonagon
Midland	Midland, Gladwin
Standish	Arenac
2.5 to 4.9 percent growth	
Iron River	Iron
Gaylord	Otsego
Newaygo	Newaygo
Sault Ste. Marie	Chippewa
Traverse City	Grand Traverse, Kalkaska, Leelanau
.1 to 2.4 percent growth	
Marquette	Marquette
L'Anse	Baraga
Escanaba	Delta
Big Rapids	Mecosta
Allegan	Allegan
Mt. Pleasant	Isabella
Roscommon	Roscommon
East Tawas	Alcona, Iosco
Alpena	Alpena
Iron Mountain	Dickinson
Menominee	Menominee
Houghton, Hancock	Houghton, Keweenaw
No growth to 2.4 percent decline	
Baldwin	Lake
St. Ignace	Mackinac
Reed City	Osceola
Manistique	Schoolcraft
Lansing, East Lansing	Clinton, Eaton, Ingham, Ionia
Grand Rapids	Kent, Ottawa
Kalamazoo, Portage	Kalamazoo, Van Buren
Bay City	Bay
Rogers City	Presque Isle
Dowagiac	Cass
Battle Creek	Barry, Calhoun
Jackson	Jackson
Petoskey	Emmet
Benton Harbor	Berrien
Ann Arbor	Washtenaw
Muskegon, Norton Shores, Muskegon Heights	Muskegon, Oceana
Flint	Genesee, Shiawassee
Mio	Oscoda
Saginaw	Saginaw
2.5 to 4.9 percent decline	
Newberry	Luce
Greenville	Montcalm
Ludington	Mason
Caro	Tuscola
Manistee	Manistee
Frankfort	Benzie
Ironwood	Gogebic
Alma	Gratiot
Bad Axe	Huron
West Branch	Ogemaw
Cadillac	Missaukee, Wexford
Detroit	Lapeer, Livingston, Macomb, Oakland, St. Clair, Wayne

TABLE 4 (con't)

Name of area	*Counties included*
Three Rivers	St. Joseph
Atlanta	Montmorency
Sandusky	Sanilac
5 percent or more decline	
Munising	Alger
Charlevoix	Charlevoix
Grayling	Crawford
Hillsdale	Hillsdale
Clare	Clare
Adrian	Lenawee
Mancelona	Antrim
Coldwater	Branch

NOTE: Growth is based on annual average for 1979 and 1980. Monroe County is part of the Toledo, Ohio, labor market. No forecast has been prepared for this area by this author.

TABLE 5
Results of a Year-End 1979 Survey of Michigan Commercial Banks, Asset Change: 1978–1979 Actual and 1979–1980 Forecast

Area	*Number of Banks*		*Percentage of assets*[a]	*Percentage change in year-end assets*	
	Queried	*Reporting*		*1978–1979*[b]	*1979–1980*[c]
Southeast					
Oakland	23	9	58	+ 6.9	+ 4.9
Macomb	11	5	32	+10.8	+16.8
Washtenaw	13	4	15	+ 5.9	+ 8.1
Wayne	25	10	90	+ 8.3	+ 6.3
Other	17	5	15	+ 8.7	+10.4
Total	89	33	78	+ 8.3	+ 6.4
South Central					
Genesee	8	4	93	+ 5.9	+ 2.2
Ingham	10	3	81	− 1.3	+ 1.5
Other	32	7	21	+ 4.7	+ 4.2
Total	50	14	67	+ 2.2	+ 2.0
Southwest					
Total	39	8	9	+10.5	+ 8.4
East Central					
Huron	7	4	40	+11.6	+11.2
Other	42	13	44	+ 5.9	+ 5.7
Total	49	17	44	+ 6.4	+ 6.2
West Central					
Kent	16	3	76	+ 6.6	+ 3.6
Montcalm	6	4	48	+10.5	+ 8.8
Other	31	6	21	+ 5.8	+ 7.6
Total	53	13	59	+ 6.6	+ 4.3
Northern Lower					
Total	36	13	49	+ 9.1	+11.2
Upper Peninsula					
Total	50	14	21	+ 6.5	+ 7.2
Michigan Total	366	112	67	+ 7.3	+ 5.8

NOTE: Southeast includes Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, and Wayne counties. South Central includes Clinton, Eaton, Genesee, Hillsdale, Ingham, Jackson, Lapeer, Lenawee, and Shiawassee counties. Southwest includes Barry, Berrien, Branch, Calhoun, Cass, Kalamazoo, St. Joseph, and Van Buren counties. East Central includes Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland, Ogemaw, Roscommon, Saginaw, Sanilac, and Tuscola counties. West Central includes Allegan, Ionia, Kent, Lake, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola, and Ottawa. Northern Lower includes Manistee, Wexford, Missaukee, Benzie, Grand Traverse, Kalkaska, Leelanau, Antrim, Crawford, Oscoda, Alcona, Otsego, Alpena, Montmorency, Presque Isle, Cheboygan, Charlevoix, and Emmet counties. Upper Peninsula includes Alger, Baraga, Chippewa, Delta, Dickinson, Gogebic, Houghton, Iron, Keweenaw, Luce, Mackinac, Marquette, Menominee, Ontonagon, and Schoolcraft.

a. Assets of reporting banks as a percentage of assets of queried banks.
b. Estimated by banks.
c. Forecast by banks.

TABLE 6
Results of a Year-End Survey of Michigan Savings and Loan Associations, Asset Change: 1978–1979 Actual and 1979–1980 Forecast

Area	*Number of Savings and Loan Associations*		*Percentage of assets*[a]	*Percentage change in mid-year assets*	
	Queried	*Reporting*		*1978–1979*	*1979–1980*
Southeast					
Washtenaw	3	3	100	+20.5	+ 7.6
Wayne	9	3	82	+13.6	+ 8.0
Other	10	3	10	+18.4	+ 6.2
Total	22	9	48	+15.2	+ 7.8
South Central					
Total	8	7	91	+10.8	+ 6.6
Southwest					
Calhoun	3	3	100	+12.9	+11.7
Kalamazoo	3	3	100	+ 8.4	+ 4.9
Other	11	4	38	+ 5.3	+ 5.2
Total	17	10	69	+ 8.1	+ 5.9
Other	18	5	33	+15.2	+ 5.9
Michigan Total	65	31	50	+13.9	+ 7.2

a. Assets of reporting associations as a percentage of assets of queried associations.

interpreted as an indication that small business (judged by the volume of loans and discounts outstate) will be more severely constrained by Michigan's slump than large business (judged by the volume of loans and discounts in the southeast).

Savings and loan associations, on the other hand, appear to do better outstate, reflecting, perhaps, smaller declines in employment and income in those areas with obvious implications for deposit and mortgage activity.

BEYOND 1980

This analysis assumes an upbeat 1981 model year for automakers—including Chrysler Corporation. Obviously, December 1980 employment in Michigan could not exceed the December 1979 figure, as forecast, without that organization. If 1981 is unkind to Chrysler, it seems unlikely the company will survive in its present form. Even assuming survival, Chrysler appears to have excess engine and assembly capacity, particularly in Detroit or Windsor.

Large Chrysler engines are made in Detroit (Mound Road) and Windsor. (The Trenton plant just outside Detroit is being converted to produce small engines for the new K car.) Large cars are assembled in Detroit (Lynch Road) and Windsor (the Cordoba-Magnum plant). Light trucks are assembled in Warren, Michigan, and Windsor. Production at the Jefferson Avenue plant will be halted, perhaps in April, for conversion to assembly of the K car. Currently, light trucks are assembled there.

Michigan Army Missile Plant, now operated by LTV Corporation, will cease production in October. The market for the plant's Lance missiles no longer justifies production. This point is raised because the facility would be suitable for automobile assembly should a foreign company opt for a Detroit area location. The building is located in Sterling Heights.

Detroit's fortunes also are linked to a number of other antiquated plants, including the Uniroyal factory and Parke

TABLE 7

Results of a Year-End Survey of Michigan Commercial Banks, Percentage Changes in Loans and Discounts, Demand Deposits, and Time Deposits: 1978–1979 Actual and 1979–1980 Forecast

Area	Loans and discounts		Demand deposits		Time deposits	
	1978–1979	1979–1980	1978–1979	1979–1980	1978–1979	1979–1980
Southeast						
Oakland	+ 9.8	+ 9.1	+ 3.1	+10.6	+ 2.4	+ 8.4
Macomb	+12.4	+ 9.6	+19.5	+16.9	+15.9	+21.8
Washtenaw	+ 5.7	+20.6	+ 8.2	+ 7.1	+18.3	+ 9.2
Wayne	+14.2	+ 7.1	+ 2.8	+ 2.6	− 2.5	+ 5.4
Other	+ 9.8	+ 8.3	− .7	+ 9.1	+13.9	+10.6
Total	+13.8	+ 7.3	+ 3.0	+ 3.2	− 1.5	+ 6.1
South Central						
Genesee	+10.4	+ 2.2	+ 4.9	+ 3.9	+10.1	− .3
Ingham	+ 3.9	+10.7	+ .1	+ 3.8	+11.9	+10.7
Other	+11.2	+ 3.1	+ 1.0	+ 4.1	+ 9.2	+ 5.3
Total	+ 7.2	+ 6.5	+ 1.9	+ 3.9	+10.8	+ 5.2
Southwest						
Total	+ 8.6	+ 6.3	+11.5	+ 5.4	+13.7	+ 9.6
East Central						
Huron	+ 7.6	+ 9.9	− 2.1	+ 5.2	+10.6	+11.0
Other	+ 9.5	+ 4.4	+ .2	− 3.1	+ 8.0	+ 7.1
Total	+ 9.4	+ 4.7	0	− 2.6	+ 8.2	+ 7.4
West Central						
Kent	+11.5	+ 6.0	+ 3.2	+ 3.1	+ 5.7	+ 4.4
Montcalm	+10.4	+ 4.0	+10.1	+ 5.8	+18.4	+ 8.7
Other	+ 4.9	+ 6.1	− 3.5	+ 3.4	+ 5.4	+ 8.8
Total	+10.5	+ 5.9	+ 2.6	+ 3.4	+ 6.2	+ 5.2
Northern Lower						
Total	+ 8.2	+ 9.7	+ 5.9	+ 8.7	+ 9.3	+11.6
Upper Peninsula						
Total	+ 8.8	+ 6.1	+ 6.4	+ 2.7	+11.3	+ 8.3
Michigan Total	+12.2	+ 7.1	+ 2.9	+ 3.2	+ 2.2	+ 6.2

TABLE 8

Results of a Year-End Survey of Michigan Savings and Loan Associations, Percentage Changes in Total Savings and in Mortgage Loans and Land Contracts: 1978–1979 Actual and 1979–1980 Forecast

Area	Percentage change in mortgage loans and land contracts		Percentage change in savings capital	
	1978–1979	1979–1980	1978–1979	1979–1980
Southeast				
Washtenaw	+15.3	+ 7.1	+17.4	+13.3
Wayne	+11.5	+ 3.6	+15.8	+ 7.7
Other	+13.0	+ 4.7	+24.1	+ 5.0
Total	+12.2	+ 4.3	+16.9	+ 8.3
South Central				
Total	+11.2	+ 5.0	+11.6	+ 6.6
Southwest				
Calhoun	+14.6	+10.6	+14.8	+11.5
Kalamazoo	+ 8.4	+ 3.7	+ 9.1	+ 8.2
Other	+10.5	+ 6.4	+ 6.9	+ 5.4
Total	+ 9.7	+ 5.4	+ 9.2	+ 7.9
Other	+14.6	+ 5.8	+12.3	+ 9.8
Michigan Total	+12.1	+ 4.7	+14.6	+ 8.9

Davis's pharmaceutical plant in east Detroit, both scheduled for a closing.

Yet even while Detroit's industrial base erodes, Ford and Chrysler are expanding or updating plants in southeast Michigan. General Motors is doing the same and building new plants at sites scattered throughout southern Michigan. These three and a host of other manufacturers are taking advantage of Michigan's favorable tax structure, so much so that the state is in the midst of an investment boom.

However, the likelihood of unemployed Detroiters being employed in these new plants is slender. Most of the plants are remote from Wayne County's inner cities. Race is another factor. A high proportion of the unemployed are blacks who would encounter resistance at their destinations even if they agreed to being uprooted. Regardless of the outcome for Chrysler Corporation, the prospects for Detroit's black work force are not favorable.